

OFFICE OF THE DIRECTOR

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Date: 7 June 1977

TO: Mr. Cary

FROM:

[Redacted]

SUBJECT: Senator Inouye Statement

REMARKS:

Admiral Turner received this
from Senator Inouye today.

EXECUTIVE REGISTRY FILE C-38.2

NSA review completed

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STATEMENT BY SENATOR DANIEL K. INOUE
CHAIRMAN OF THE SENATE SELECT
COMMITTEE ON INTELLIGENCE

This is the first year that the Senate has authorized monies for the intelligence activities of the United States. This authorization has been reported out by the Senate Intelligence Committee in S. 1539.

It would have of course been desirable for the Senate upon vote to send the bill to a counterpart committee in the House of Representatives. Unfortunately, no counterpart committee presently exists in the House. It is my understanding, however, that the House Leadership is in the process of creating such a committee, and there is reason to believe that a counterpart committee will be in existence in the coming months.

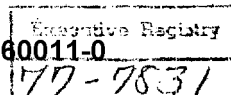
In the absence of a counterpart House committee, the Chairman of the Armed Services Committee, Senator Stennis, has very kindly agreed to permit any differences between the House and Senate authorization be handled in the House-Senate conference on the military authorization bill. This has been done with the understanding that it does not constitute a precedent.

As was intended in S. Res. 400, the Select Committee on Intelligence has Members who also serve on the Armed Services Committee. Senator Hart and Senator Goldwater, with the other conferees, will act on behalf of both the Armed Services Committee

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and the Senate Select Committee on Intelligence with regard to intelligence matters in the conference with the House Armed Services Committee.

This first year of the authorization has been a pioneering effort. Practically every procedure has been done for the first time. There have been some difficulties encountered along the way, but we have been able to resolve these difficulties satisfactorily. I want to thank Senator Stennis and the Armed Services Committee for their cooperation and helpfulness in fulfilling the intent of the Senate.



6 June 1977

Admiral Turner,

In response to your suggestions:

Economics:

The statistics on unemployment and emigre labor are attached to the Economic Section divider.

We have answered your questions--I hope--by redoing parts of the text and by extensive use of backpage notes.

Military:

The 1982 charts are last year's estimates. This year's figures will be for 1983, but we do not have agreed figures. Words to this effect are in the text.

Arms Balance:



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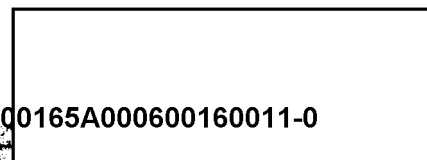
For additional backup please note new backpage note on reverse of Arms Supplies divider.



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Political

The election scorecard is in your book and copies will be available to the members.



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3 June 1977

Admiral Turner,

Here is your Middle East briefing book for Tuesday's 0900 session with Senator Inouye and his Senate Appropriations Subcommittee on Foreign Operations.

The briefing is developed in three parts:

1. The economies of the Middle East confrontation states;
2. The arms balance in the Middle East; and,
3. Arms supplies to the Middle East.

A fourth section on obstacles to peace in the Middle East is included. It was not asked for, but the subject could easily come up.

This briefing was first mentioned by Inouye back in October. He clearly wants it as background for Middle East foreign aid legislation--particularly that for Israel and Egypt. While Inouye originally asked only for the economic picture, negotiations with his staff over the past month have led to the inclusion of sections on the arms balance and supplies and some minor changes in what was requested originally.

Besides myself, your backup team will include [redacted], OER's Middle East specialist, and [redacted] OSR's arms balance expert. We will be using vugraphs, copies of which are in your book.

We stand ready for a pre-briefing session at your convenience should you feel one is necessary.

/NOTE

[redacted]

John

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3 June 1977

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NOTE FOR ADMIRAL TURNER

SUBJECT: Review of Presentations to SSCI on Soviet
SIGINT Activities in the United States

1. Action Requested: None. This is background information regarding the meeting at 1400 today to review with you the presentations to be made at 1030 hours on 8 June to the Senate Select Committee in keeping with your offer to Senators Inouye and Moynihan.

2. We have prepared introductory remarks for your use (draft attached). Other briefers are:

[redacted] Chief of the Security Techniques Division of the NSA COMSEC organization.

[redacted] Director of the Office of Telecommunications Policy, who is responsible for the PRM-22 Subcommittee study on this subject.

Mr. John Harmon, Acting Assistant Attorney General, Office of Legal Counsel in the Department of Justice [redacted]

3. Also attending today's meeting will be [redacted] Deputy Legislative Counsel; Tony Lapham, General Counsel; [redacted] NSA Deputy Chief of COMSEC; Mr. Newal Squyres, assistant to Mr. Harmon; [redacted] Chairman of the SIGINT Committee; [redacted] assistant to [redacted] and myself.

4. [redacted] Deputy Director of NSA, desires to attend the SSCI briefing on 8 June to assist in responding to questions on the NSA role in this area.

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5. In addition to reviewing the briefings, we wish to discuss today:

- the possibility of asking Senator Inouye to have Committee members withhold questions until after the presentations, and
- appropriate guidance on making reference to sensitive Executive Branch documents which might then be requested by the Committee.

6. For your information, the following SSCI members have been briefed previously by NSA on the Soviet SIGINT activities:

Senator Inouye
Senator Moynihan
Senator Baker
Senator Bayh
Senator Biden
Senator Wallop
Staff Director Miller
Minority Counsel Eisenhower

Additionally, Senators Hathaway and Huddleston have been given an introductory but non-compartmented briefing. Other members have not been briefed. To our knowledge, none of the Committee members have been briefed on previous corrective actions on the current effort to develop further protective measures.



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for John N. McMahon
A/D/DCI/IC

Attachment:
Introductory Remarks

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D R A F T

Mr. Chairman:

When you and the members of your Committee met with the President on 13 May, you expressed concern about Soviet intercept of private communications from commercial telephone microwave circuits in the United States.

The discussion on this subject which ensued at that meeting, I believe, did not permit you to have a comprehensive ~~under-~~
presentation on ~~standing of~~ this problem--in particular, about those actions which have been taken, are currently being taken, and are in development to provide some remedy to the problem and to deny Soviet access to many of these communications.

Therefore, as a follow-up on that meeting, I offered to meet with the Committee in executive session to discuss:

- our current knowledge about the Soviet activities,
- the security actions already taken and currently underway,
- possible legal actions, and
- our assessment of the impact these actions will have on the Soviet Union and other countries.

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These are the purposes for which we are here today. I am accompanied by ^{four} ~~three~~ expert witnesses on these subjects.

I am aware that some of the members of the Committee have had the benefit of briefings by NSA on the Soviet SIGINT activities in the United States. Several other members have not had this briefing. Therefore, to enable all members to become acquainted with the facts on a current basis, I want to commence today's session with a review by [REDACTED] of the National Security Agency of our current knowledge of this situation. 25X1

Following the presentation by [REDACTED] [REDACTED], 25X1 Director of the Office of Telecommunications Policy, will review the actions taken during recent years and further actions currently under development to protect U.S. telephone communications and to deny Soviet access to these conversations. To my knowledge, this Committee has not previously been acquainted with these actions, and I believe it is very important that you know what the Executive Branch has done and is doing in this significant area.

Our third spokesman today is Mr. John Harmon, the Assistant Attorney General and Legal Counsel to Judge Bell, who will summarize for you the conclusions of an inquiry into possible legal actions which the United States might take to cope with this problem.

Fourth - [REDACTED]

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Following the discussions by [] and Mr. Harmon, [] will provide you with an assessment of the impact these various U.S. protective or legal actions might have on the Soviet Union and other countries in their continuing attempts to intercept U.S. telephone communications.

Let me assure you again, Mr. Chairman, of our very deep concern about these Soviet activities and the need for protective actions. This problem was dealt with by prior administrations, as you will hear, but President Carter has directed that renewed and expanded efforts be undertaken with highest priority. We are doing this now and will report to you today on the details.

First, then, I introduce [] of NSA.

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*ask Committee to hold questions
until after briefings*

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